

Department: Membership	Segment: All
Circular No: MSE/MEM/9563/2020	Date : October 05, 2020

Subject: Submission of Annual Returns for the Financial Year 2019-20

To All Members,

In terms of the provisions of Rules, Bye-Laws and Regulations of the Metropolitan Stock Exchange of India limited (Exchange), all registered Members of the Exchange are required to submit the Annual Returns for the financial year ended March 31, 2020, comprising of the following:

- Audited Financial Statements and Auditor's Report for FY 2019-2020
- Audited Networth Certificate & Computation of Networth as on March 31, 2020
- Financial Details
- Undertaking regarding changes/no changes in details mentioned in (e) to (i)
- Details of Directors/ Partners/ Proprietor
- Shareholding Pattern/ Partnership Pattern
- Details of Dominant Promoter Group/ Dominant Group of Partnership Firms
- Contact Details
- Details regarding Membership of other Stock Exchanges

In case there are no changes in details mentioned in the above documents from (e) to (i) in comparison to the details submitted for FY 2018-19, members need not submit the same again this year. However in such cases, Members are required to submit an undertaking in the format specified in (d) stating that there are no changes, (such as change in directors, shareholding etc.), from the filings of the previous year.

It may also be noted that the requirements of shareholding pattern and details of dominant promoter group are not applicable to Individuals who have taken membership in their proprietary name.

As per SEBI circular SEBI/HO/MIRSD/MIRSD2/CIR/P/2016/95 dated Sep 26, 2016,

- Stock brokers shall submit financial statements to Stock Exchanges in the same format as prescribed under Companies Act, 2013 irrespective of whether they fall under the purview of Companies Act, 2013 or not.
- The due date for submission of the aforesaid financial statements to Stock Exchanges shall be the same as prescribed under Companies Act, 2013 for submission to Registrar of Companies.

On account of ROC notifications (<http://www.mca.gov.in/MinistryV2/extensionofagm.html>) extending the timelines for holding Annual General Meeting (AGM) by three months from the due date on account of Covid-19 pandemic, Members are required to submit their Annual Return with all the requisite documents to the Exchange on or before **January 31, 2021** as per the abovementioned SEBI circular.

Members following accounting year other than that ending on March 31, 2020 are advised to submit the Annual Returns within a period of 6 months from the end of such accounting year. Such members are required to inform the Exchange about the accounting year followed by them on or before October 31, 2020.

Further, non-submission of any of the documents forming part of the Annual Return / submission of documents other than prescribed formats would be construed as non-submission of Annual Returns. Actions

Metropolitan Stock Exchange of India Limited



in case of non-submission / delayed submission / incomplete / incorrect submission of documents are given in **Annexure 1**.

The formats for various documents to be submitted are available on the Exchange website under membership section and may be suitably used by the members.

(<http://www.msei.in/members/membership/current-membership/annual-returns.aspx>)

For any clarifications, members may please contact Membership Department on 022- 61129000 and / or send an email at annualreturns@msei.in

**For and on behalf of
Metropolitan Stock Exchange of India Limited**

**Hansen Cardoza
AVP –Membership & Inspection**

Metropolitan Stock Exchange of India Limited

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Action for Non-Compliance with Annual Submission / Net worth Requirements

I) Penalties for Delayed Submissions / Non-Submission / Incomplete Submissions:

Period	Penalty (INR)
During 1 st month after due date till the date of submission	@ 200/- per day
During 2 nd month after due date till the date of submission	@ 500/- per day

In the case of non-submission / delayed submission / incomplete submission of Net worth details for more than 2 months, a notice of 2 week shall be given to the Member, and subsequent to which the Member shall be disabled in **all segments** by the Exchange.

II) Action for Shortfall in Net worth

All members of the Exchange are required to maintain minimum net worth at all points of time as specified by the Exchange. Details of Net worth requirements for different categories of members are as under:

Segment	Membership Type	Net worth (Amount INR in Lakhs)
Capital Market	TM / SCM / TCM / PCM	30 / 100 / 300 / 300
Futures & Options	TM / SCM / TCM / PCM	30 / 100 / 300 / 300
Currency Derivatives	TM / SCM / TCM / PCM	100 / 500 / 1000 / 1000
Debt Market	TM / SCM / TCM / PCM	50 / 100 / 300 / 300

In case the net worth submitted by the member is below the specified minimum net worth requirement; the Exchange would initiate appropriate disciplinary action including the following penalties:

Sr. No	Percentage of Shortfall in Net worth of the minimum Specified.	Penalty for TM's (Amount)	Actions for Clearing Members i.e. SCM / TCM & PCM Deposits to be blocked (Cash & Collateral)
1.	Less than or equal to 10%	INR 10,000/-	10%
2.	Less than or equal to 20%	INR 15,000/-	25%
3.	Less than or equal to 50%	INR 20,000/-	50%
4.	More than 50%	INR 30,000/-	90%

Additional non-monetary actions:

Members having negative net worth shall be suspended from trading till such time the members meet the minimum net worth as applicable.

In case of trading members who have submitted a shortfall in net worth, such members are required to submit a revised Networth certificate after increasing the Networth within 2 months from the due date of submission of half yearly Networth certificate (*i.e. by March 31, 2021*). In case of non-submission of fresh certificate with adequate networth within the timelines, an additional 2 weeks' notice shall be given to the Member, subsequent to which the member shall be disabled in the applicable segments of the Exchange.